



Investment Office

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AGENDA ITEM 5a

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** California Initiative Program Update
- II. PROGRAM:** Alternative Investment Management (AIM) Program
- III. RECOMMENDATION:** Information only
- IV. ANALYSIS:**

This agenda item represents an update to the Investment Committee on the California Initiative Program (the "Program").

In November 2004, Staff provided its first update to the Investment Committee on the Program, at which time the Investment Committee directed Staff to enhance the reporting of the Program and to ensure that CalPERS' partners were adhering to stated investment objectives. In 2005, Staff engaged third party consultants (Pacific Community Ventures and LP Capital) to assist in this effort.

The primary objective of the Program is to earn attractive risk-adjusted rates of return. As an ancillary benefit to the investments made, the Program is expected to have a positive impact on underserved markets in California.

Attachment 1 contains a PowerPoint presentation highlighting both financial results as well as the ancillary benefits on the Program to date. Attachment II contains greater detail regarding the ancillary benefits.

The AIM team and its consultants will present the summary report and will be available to answer questions at the Investment Committee meeting.

V. STRATEGIC PLAN:

Goal VIII, manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions and Goal IX, achieve long-term, sustainable, risk-adjusted returns.

VI. RESULTS:

Attached is a presentation highlighting key information about the California Initiative.

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